

- Scout Report sent out
- Noted in the NID File
- Location map pinned
- Approval or Disapproval Letter
- Date Completed, P. & A. or operations suspended 8-16-57
- Pin changed on location map
- Affidavit and Record of A & P
- Water Shut-Off Test
- Gas-Oil Ratio Test
- Well Log Filed

FILE NOTATIONS

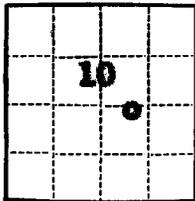
- Noted in NID File
- Noted on S.R. Sheet
- Location Map Pinned
- Indexed
- Well for State or Fee Land
- Checked by Chief
- Copy NID to Field Office
- Approval Letter
- Disapproval Letter

LOCATION DATA:

Date Well Completed 9/27/57 Location Inspected _____
 OW _____ WW _____ TA _____ Bond released _____
 GW OS _____ PA _____ State of Fee Land _____

LOGS FILED

Diller's Log 2/24/58
 Electric Logs (No.) _____
 E. _____ I. _____ E-I _____ GR _____ GR-N _____ Micro _____
 Lat. _____ Mi-L _____ Sonic _____ Others _____



(SUBMIT IN TRIPLICATE)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Land Office Salt Lake
Lease No. U-04055
Unit _____

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....		SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....		SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

May 1, 19 57

CSV-Hancock

Well No. **Gov't 2** is located **2420** ft. from **SW** line and **1570** ft. from **EW** line of sec. **10**

NE NW SE Sec. 10 **T. 17 S., R. 25 E S.L.M.**
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)

Northwest 1/4-X **Grand** **Utah**
(Field) (County or Subdivision) (State or Territory)

ground

The elevation of the ~~surface~~ **ground** above sea level is **5355** ft.

DETAILS OF WORK

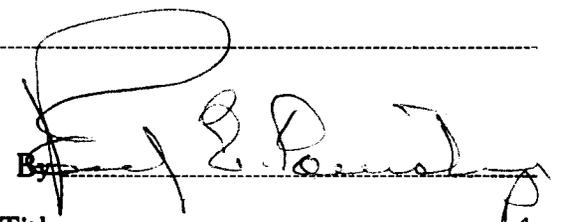
(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

Well is to be drilled with rotary tools. 150 ft. of 10 3/4", 32 lb. surface casing will be set and cemented with returns to the surface. The well will be drilled to a depth sufficient to penetrate the lower part of the Morrison formation. A 7 7/8" hole will be drilled and if production is obtained the hole will be reamed to 8 3/4" and 5 1/2" 14 lb. or 15.50 lb casing will be set. The top of the Dakota formation is expected at a depth of about 3300 feet and the total depth will be approximately 4000 feet. All favorable sands will be tested as they are encountered.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company **C. S. V. Exploration Co.**

Address **278 W. 21st South**
Salt Lake City, Utah

By 
Title _____

May 3, 1957

C. S. V. Exploration Company
278 W. 21st South
Salt Lake City, Utah

Gentlemen:

This is to acknowledge receipt of your notice of intention to drill Well No. CSV-Hancock Gov't 2, which is to be located 2420 feet from the south line and 1570 feet from the east line of Section 10, Township 17 South, Range 25 East, S1EM, Grand County.

Please be advised that approval to drill the above well is hereby granted under the provisions of Field Rules 4-4 and 7-4, Utah Oil & Gas Conservation Commission, December 5, 1956. Said well will be the unit well for Drilling Unit No. 2, Zone 3, which is made up of the following acreage: $E\frac{1}{2} W\frac{1}{2}$ and $E\frac{1}{2}$, Section 10, Township 17 South, Range 25 East, S1EM, Grand County, Utah. *as amended 7/22/57*

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

OLSON B. FREIGHT
SECRETARY

CBF:cn

cc: Don Russell, Dist. Eng.
U.S.G.S. Federal Bldg.
Salt Lake City, Utah

June 26, 1957

REGISTERED MAIL

C. S. V. Exploration Company
278 West 21st South
Salt Lake City, Utah

Re: Well No. C.S.V.-Hancock Gov't 2,
Sec. 10, Twp. 17 S, R. 25 E,
Grand County, Utah

Gentlemen:

This letter is to advise you that the Commission's approval to drill the above mentioned well is hereby cancelled.

After re-examination of Title 40-6-6, Utah Code Annotated, 1953, the Commission is of the opinion that approval to drill said well cannot be granted until such time as a voluntary pooling agreement is executed by all of the interested parties within the drilling unit, or the Commission, after notice and hearing, enters an order pooling all of said interests.

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

GLENN B. FREIGHT
SECRETARY

GBF:cn

cc: Don Russell, Dist. Eng.
U.S.G.S. Federal Bldg.
Salt Lake City, Utah

REGISTERED NO. 1358

Va _____ Spec. del'y fee \$ _____

Fee \$ 40 Ret. receipt fee \$ 7

Surcharge \$ _____ Rest. del'y fee \$ _____

Postage \$ 6 Airmail

Postmaster, By JTB

From Oil & Gas Conservation

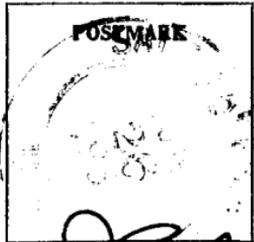
140 State Capitol

To O.S.U. Exploration Co

2700 21st St S.H.C

POD Form 3806
Sept. 1955

09-16-70493-2



REGISTERED NO. 1357

Value \$ 0 Spec. del'y fee \$ _____

Fee \$ 40 Ret. receipt fee \$ 7

Surcharge \$ _____ Rest. del'y fee \$ _____

Postage \$ 3 Airmail

Postmaster, By JTB

From Oil & Gas Con. Comm

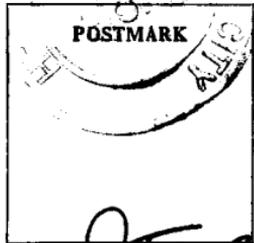
140 State Capitol

To Provo Drilling Co

476 E 5th North

POD Form 3806
Sept. 1955

09-16-70493-2



Provo, Utah

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE ONE



BUILD YOUR FUTURE
WISELY SAFELY
U.S. SAVINGS BONDS

MARK OF
DELIVERING OFFICE

INSTRUCTIONS.—Show name, address and number of article below. Complete "Instructions to Delivering Employee" on other side, when applicable. Moisten gummed ends and securely attach to back of article. Endorse front of article **RETURN RECEIPT REQUESTED.**

RETURN TO
▼

REGISTERED NO.
8358

NAME OF SENDER

Oil & Gas Conservation Comm.

CERTIFIED NO.

STREET AND NO. OR P. O. BOX

Room 140, State Capitol

INSURED NO.

CITY, ZONE, AND STATE

Salt Lake City, Utah

FD-36 (FORM 3-54) 1-58

616-71548-3

INSTRUCTIONS TO DELIVERING EMPLOYEE

- DELIVER ONLY TO ADDRESSEE (20¢ additional)
- SHOW ADDRESS WHERE DELIVERED IN ITEM 4 BELOW (31¢ additional)

RECEIPT

Received from the Postmaster the Registered, Certified, or Insured Article, the number of which appears on the face of this return receipt.

1. SIGNATURE OR NAME OF ADDRESSEE

X *CSK Explorations Co*

2. SIGNATURE OF ADDRESSEE'S AGENT (Agent should enter addressee's name in item 1 above)

Ray May Stewart

3. DELIVERY DATE

6-27-57

August 8, 1957

C. S. V. Exploration Company
278 West 21st South
Salt Lake City, Utah

Attention: Mr. Gallister

Gentlemen:

This is to acknowledge receipt of your Communitized Agreement covering the $E\frac{1}{2}$, $N\frac{1}{2}$ of Section 10, Township 17 South, Range 25 East, SLEB, Grand County, Utah.

Please be advised that insofar as this office is concerned, approval to drill Well No. OSV-Hancock Gov't 2, 2420 feet from the south line and 1570 feet from the east line of Section 10, Township 17 South, Range 25 East, SLEB, Grand County, Utah, is hereby granted.

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

OLEON B. FREIGHT
SECRETARY

CHF:en

cc: Don Russell, District Eng.
U.S.G.S. Federal Bldg.
Salt Lake City, Utah

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION
 State Capitol Building
 Salt Lake City 14, Utah

REPORT OF OPERATIONS AND WELL STATUS REPORT

State.....Utah..... County.....Grand..... Field or LeaseU-04055, Bar X.....

The following is a correct report of operations and production (including drilling and producing wells) for
August....., 1957..

Agent's address ..278 W. 21st So...... CompanyC. S. V. OIL EXPLORATION CO.
Salt Lake City, Utah..... Signed

PhoneIn-75477..... Agent's title

State Lease No. Federal Lease No. U-04055..... Indian Lease No. Fee & Pat.

Sec. & 1/4 of 1/4	Twp.	Range	Well No.	*Status	Oil Bbls.	Water Bbls.	Gas MCF's	REMARKS <small>(If drilling, Depth; if shut down, Cause; Date & Results of Water Shut-Off Test; Contents of Gas; and Gas-Oil Ratio Test)</small>
<p><u>NE 1/4 NW 1/4 SE 1/4, Sec 10, T. 17 S., R. 25 E., SLM</u></p> <p>Rotary drilling operations started on August 10, 1957. 172 feet of 10 3/4", 32 lb. surface casing were set and cemented with 110 sacks of cement. Returns to the surface were obtained.</p> <p>Considerable loss of time occurred due to equipment breakdown and to changing personnel. A depth of 2,750' was reached by the end of August.</p> <p>An 8 3/4" hole was drilled.</p>								

NOTE: Report on this form as provided for in Rule C-22. (See back of form.)

FILE IN DUPLICATE

*STATUS: F-Flowing P-Pumping GL-Gas Lift
 SI-Shut In D-Dead
 GI-Gas Injection TA-Temp. Aban.
 WI-Water Injection

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR sec. 4.618, 12 FR 6784, I do hereby:

- A. Approve the attached communitization agreement covering:

Township 17 South, Range 25 East, Salt Lake Meridian

Section 10: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

Containing 480.00 acres, more or less, situated in Grand County, Utah, as to crude oil, natural gas and associated liquid hydrocarbons producible from all producing formations down to and including the Entrada formation underlying said lands.

- B. Determine that the Federal Lease or Leases as to the lands committed to the attached Agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the Agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal Lease or Leases committed to said Agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the Agreement.

Dated _____

Director
United States Geological Survey

Contract No. _____

AGREEMENT

THIS AGREEMENT, made and entered into as of the ~~31st~~ day of July, 1957, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto".

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437) as amended by the Act of August 8, 1946 (60 Stat. 950; 30 U.S.C. Secs. 181 et seq) authorizes communitization or drilling agreements communitizing or pooling Federal oil and gas leases, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with established well spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, pursuant to order in Cause No. 4, In the Matter of the Application of the American Metals Company, Ltd., a corporation, and the Frontier Refining Company, a corporation, for an Order establishing drilling units for the Bar-X Anticline Area, Grand County, Utah, the Oil and Gas Conservation Commission of the State of Utah established, among others, Zone 3, which included Drilling Unit No. 2, said Drilling Unit No. 2 consisting of the following described lands located in Grand County, Utah, to-wit:

Township 17 South, Range 25 East, S. L. M.

Section 10: $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$

(containing 480.00 acres, more or less); and

WHEREAS, the parties hereto desire to communitize and pool

their respective mineral interests in the lands and to make such interests subject to this agreement for the purpose of developing and producing natural gas and associated liquid hydrocarbons in accordance with the terms and conditions hereto;

NOW, THEREFORE, in consideration of the premises and the mutual advantages accruing to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto, as follows:

1. The lands covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 17 South, Range 25 East, S. L. M.

Section 10: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$

(containing 480.00 acres, more or less)

and this Agreement shall extend to and include all producing formations down to and including the Entrada formation, underlying said lands, and the crude oil, natural gas and associated liquid hydrocarbons (hereinafter referred to as the "communitized substances") producible from said formations.

2. Attached hereto and by reference made a part hereof for all purposes herein is Exhibit "A" designating the operator of the communitized area and showing acreage and percentage in ownership of oil and gas interests in all lands within said communitized area.

3. It is the contemplation of the parties hereto that Operator shall, within six (6) months from the date hereof, commence drilling operations for the drilling of a well with equipment adequate to drill to a depth sufficient to test the Entrada formation or to approximately 4,100 feet unless granite or other impenetrable

substance shall be encountered which would, in the Operator's opinion, render the drilling of such well to said depth inadvisable. Said well will be drilled upon the following described tract of land (hereinafter designated as the "drill site") within said communitized area, to-wit:

Township 17 South, Range 25 East, S. L. M.

Section 10: NW¼SE¼

(containing 40.00 acres, more or less)

4. All matters of operation will be governed by the Operator under and pursuant to the terms and provisions of this Agreement and the Operating Agreement, which is attached hereto and by reference made a part hereof and which is designated as Exhibit "B". A Successor Operator may be designated by the owners of the majority of the working interests in the communitized area, and four (4) executed copies of the Designation of the Successor Operator shall be filed with the Oil and Gas Supervisor and the Oil and Gas Conservation Commission of the State of Utah.

5. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations. In connection with the performance of work under this Agreement, the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be

limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

6. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold included in said communitized area bears to the entire acreage interest committed to this agreement.

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rental provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of said individual leases subject to this Agreement shall not be affected by this Agreement except as provided for under the terms and provisions of said leases and shall be and remain the obligation of the respective lessees of record and the owners of leasehold interests thereunder.

8. There shall be no obligation on the lessees to offset any well or wells completed in any of the formations as covered by

this agreement or separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

10. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

11. This Agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior,

or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representatives, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs,

executors, administrators, successors and assigns.

15. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to be separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Date

C. S. V. ^{Oil} EXPLORATION COMPANY

August 2, 1957

By [Signature]
President

Attest:

August 2, 1957

By [Signature]
Secretary

August 5, 1957

[Signature]
Burton W. Hancock

August 7, 1957

[Signature]
Louise P. Sondrup

August 7, 1957

[Signature]
Husband of Louise P. Sondrup

_____, 1957

_____, 1957

_____, 1957

_____, 1957

_____, 1957

_____, 1957

_____, 1957

_____, 1957

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On the 2nd day of August, 1957, personally appeared before me Paul G. Callister, who, being by me duly sworn, did say that he is the President of C. S. V. EXPLORATION COMPANY, that said instrument was signed in behalf of said corporation by resolution of its board of directors, and said J. M. Duncanson acknowledged to me that said corporation executed the same.

My Commission Expires:

June 1960

May Lucas
Notary Public

Residing at: Magna, Utah

STATE OF Utah)
) ss.
COUNTY OF Santa Clara)

On the 5 day of Aug-, 1957, personally appeared before me BURTON W. HANCOCK, the signer of the above instrument, who duly acknowledged to me that he executed the same.

My Commission Expires:

Norman Ely
Notary Public

Residing at: NOTARY PUBLIC IN AND FOR THE STATE OF UTAH
MY COMMISSION EXPIRES

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

On the 7th day of August, 1957, personally appeared before me Laurie F. Sandberg and Heather Sandberg, the signers of the above instrument, who duly acknowledged to me that they executed the same.

My Commission Expires:

2/22/59

Ruth M. Egan
Notary Public

Residing at: Salt Lake City, Utah

STATE OF _____)
) ss.
COUNTY OF _____)

On the _____ day of _____, 1957, personally appeared before me _____, the signer of the above instrument, who duly acknowledged to me that he executed the same.

My Commission Expires:

Notary Public

Residing at:

EXHIBIT "A"

Attached to and made a part of Agreement dated the 31st day of July, 1957, embracing the following lands:

Township 17 South, Range 25 East, S. L. M.

Section 10: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

(containing 480.00 acres, more or less)

Operator of Communitized Area: C.S.V. ^{Oil} Exploration Company

Description of Leases Committed

Tract No. 1

Lessor: United States of America
Lessee: C.S.V. Exploration Company
Serial No.: Utah 04055
Date of Lease: May 1, 1951
Description of Lands:

Township 17 South, Range 25 East, S. L. M.

Section 10: E $\frac{1}{2}$

Number of Acres: 320.00

Working Interest and Percentage: 84% - C.S.V. ^{Oil} Exploration Company - All
Overriding Royalty Interest and Percentage: Margaret M. Lynch - 3 $\frac{1}{2}$ %

Tract No. 2

Lessor: United States of America
Lessee: Burton W. Hancock, Adiel F. Stewart, Louise P. Sondrup,
Henry C. Goodman, Edwin A. Peay and Erschel F. Smith
Serial No.: Utah 04955
Date of Lease: September 1, 1951
Description of Lands:

Township 17 South, Range 25 East, S. L. M.

Section 10: E $\frac{1}{2}$ W $\frac{1}{2}$

Number of Acres: 160.00

Working Interest and Percentage:

Burton W. Hancock	75	%
Adiel F. Stewart	12-1/2	%
Louise P. Sondrup	4-3/18	%
Henry C. Goodman	2-14/18	%
Edwin A. Peay	2-14/18	%
Erschel F. Smith	2-14/18	%

Overriding Royalty Interest and Percentage: Adiel F. Stewart - 3%

OPERATING AGREEMENT

THIS AGREEMENT, made and entered into as of this 31st day
of July , 1957, by and between

BURTON W. HANCOCK, ADIEL F. STEWART, HENRY C.
GOODMAN, EDWIN A. PEAY, LOUISE P. SONDRUP and
ERSCHEL F. SMITH

(hereinafter called "Non-Operators", whether one or more) and C.S.V. *oil*
EXPLORATION COMPANY, a corporation (hereinafter called "Operator"),

W I T N E S S E T H:

WHEREAS, Operator and Non-Operators are the owners of
the oil, gas and mineral lease or leases or the undivided interests
therein, which leases cover, among other lands, the following
described land located in Grand County, State of Utah, to-wit:

Township 17 South, Range 25 East, S. L. M.

Section 10: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{4}$

(containing 480.00 acres, more or less); and

WHEREAS, Operator and Non-Operators have agreed between
themselves concerning their respective rights, privileges and ob-
ligations in, on and in connection with said joint leases and the
lands hereinabove described and covered thereby, and the parties
hereto desire to designate one of the parties hereto as the opera-
tor to conduct, subject to the terms and limitations of this
Agreement, all drilling or other operations on said leases and
the lands covered thereby for the development, production and sav-
ing of oil, gas and other minerals therefrom.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein contained to be kept and performed by the respective parties hereto, it is agreed by and between the parties hereto as follows:

I

As used herein in this Agreement, reference to:

1. "Operator" means the party hereinafter designated as "Operator".
2. "Non-Operators" means the parties hereto other than the party designated as operator, as provided in Paragraph 1 above.
3. Whenever in the Schedule of Accounting Procedure attached hereto and marked Exhibit "I", the terms "Operator" and "Non-Operators" are used, the term "Operator" shall be construed to mean operator as herein designated and the term "Non-Operator" shall be construed to mean non-operators as herein designated.
4. "Joint Account" means the combined interests of the parties hereto in the hereinafter described leases and the tracts of land which are subject to this Agreement.
5. "Joint Leases" means the leases hereinabove more particularly described and covering said so-described lands.

II

The Leases, or portions thereof, subject to this Agreement shall be developed and operated, subject to the terms and provisions of this Agreement, for the joint benefit of the parties hereto and, except as hereinafter provided, each of the several parties shall be liable for and shall pay for its proportionate part of all costs and expenses incurred by Operator hereunder for the Joint Account of the parties hereto in accordance with this Agreement in connection with the Joint Leases, including,

but not by way of limitation, all costs, expenses and liabilities for such costs and expenses incurred in drilling thereon and producing and saving oil, gas and other minerals therefrom. The proportionate part of the costs and expenses for which each of said parties shall pay and be liable for is that portion thereof set opposite the name of each of said parties, as follows:

C.S.V. Exploration Company - - - -	.66666667
Burton W. Hancock - - - - -	.24999975
Adiel F. Stewart - - - - -	.04166679
Henry C. Goodman - - - - -	.00924583
Edwin A. Peay - - - - -	.00924583
Erschel F. Smith - - - - -	.00924583
Louise P. Sondrup - - - - -	.01392930
	<hr/>
	1.00000000

The parties hereto shall own, in the respective proportions as about set forth, all the oil, gas and other minerals that may be produced and saved from the Joint Leases, subject, however, to the terms and provisions of said Leases and less the oil and gas required for the joint development and operation of said Leases; provided further, however, that each of the parties hereto shall be liable for and shall pay or cause to be paid out of its proportion of such production, any and all overriding royalty interest and production payment interests assumed by or agreed to be paid by each of such parties or to which said party's interest is subject.

III

^{oil}
C.S.V. EXPLORATION COMPANY is hereby designated as Operator of said jointly owned properties. Operator shall, subject to the limitations of this Agreement, manage, develop and operate the Joint Leases from and after the date of this Agreement at the joint

expense and for the Joint Account of the parties hereto in accordance with the terms and conditions of this Agreement, and shall have full control and management of the operations on and under said Leases and lands for the production and saving of oil, gas and other minerals therefrom, and in connection therewith, shall undertake and perform, subject to the terms and provisions of this Agreement, all of the obligations of the oil, gas and mineral leases affecting the land now or hereafter subject to this Agreement.

The judgment and discretion of C.S.V. ^{oil} EXPLORATION COMPANY, as Operator, exercised in good faith, shall be the limit of its liability and it shall never be liable to Non-Operators for any act done or omitted to be done in good faith in the performance of any of the provisions of this Agreement.

IV

Except as hereinafter provided, Operator shall in the first instance, advance and pay all costs and expenses incurred in the development and operations of said leases for the joint account. All charges to the joint account and all matters of accounting procedure between the parties hereto shall be governed by the provisions hereof and provisions of the Schedule of Accounting Procedure attached hereto, marked Exhibit "I" and made a part hereof by reference.

Operator shall mail to Non-Operators at the addresses hereinafter provided for, on or before the last day of each calendar month a statement itemized in reasonable detail for the month next preceding, showing all charges and credits applicable to the joint account.

VII

No well drilled on the joint leases and at the expense of the joint account shall be plugged and abandoned without the consent of the parties hereto. If the parties hereto mutually agree to plug and abandon any well, then Operator shall plug and abandon the same at the joint expense of the parties hereto in the proportions set out in paragraph II above. Operator agrees to properly plug all dry holes or wells abandoned by it as Operator hereunder, the cost thereof to be charged to the joint account.

VIII

Operator shall, for and on behalf of the parties to this Agreement pay or cause to be paid monthly to the owners as their respective interests may appear, all royalties, overriding royalties, production payments or other amounts and charges which may be or become payable by reason of the discovery of the production of oil, gas or other minerals from the leases covering the land subject to this Agreement and Operator shall charge to each of the respective parties hereto the amount thereof applicable to such party's interest. When any Non-Operator is receiving in kind its proportionate share of production as hereinafter provided for, then such Non-Operator shall advise Operator in writing on or before the 10th day of the month following that in which the same is sold or used off the premises, the amount so sold or used and the price received therefor; Operator by reason of its obligation to make the aforesaid payments for and on behalf of Non-Operators shall not incur any responsibility, obligation or liability to any of the owners of the royalties, overriding royalties, payments out of production or other amount or charges which may be or become payable by

reason of the discovery or production of oil, gas or other minerals from said leased premises (except as to any royalties payable on Operator's interest therein or any other payment or payments due thereon, due by Operator, which Operator has assumed under any lease or any instrument or instruments affecting said lease) but said responsibility, obligation, or liability shall be and remain the responsibility, obligation or liability of each Non-Operator.

IX

The parties hereto agree that each will, as to its lease ownership, pay the advance rentals which may become due and payable under the terms of the leases subject to this Agreement and necessary to be paid in order to maintain such Leases in force and effect in the absence of drilling or production thereon. The parties hereto shall not, as to each other, by reasons of the provisions of this paragraph, incur any liability toward each other for failure through oversight to make any such rental payments or for erroneously making such payments so long as said parties follow the usual and customary method of making such payments and so long as they act in good faith in connection therewith.

X

Operator agrees to advance and pay, on behalf of both parties hereto, all taxes, either State or Federal (except income, franchise, capital stock or other general or corporate taxes) on said leases for which each party hereto may be liable, which may be legally assessed, against production (as to the interest of each of said parties) whether in the form of a severance or production tax or otherwise, and also agrees to render for assessment (when necessary to do so) and pay all taxes which may be legally assessed

against the leasehold estates, oil, gas, and mineral rights, personal property and equipment; and all taxes so paid shall be included in the charges to the joint account of the parties thereto.

XI

Operator shall not be liable for damages arising out of injuries to any of the employees of any Non-Operator or damages to any property of any Non-Operator in connection with the operations hereunder on the joint leases except for willful misconduct or negligence of Operator.

Operator shall, at all times while operations are conducted on the joint leases, carry insurance as follows:

(a) Employer's Liability and Workmen's Compensation Insurance covering the employees of Operator engaged in operations hereunder, in compliance with the laws of the State of Utah;

(b) General Public Liability Insurance covering these parties, in connection with all operations conducted by Operator for the joint account hereunder, with bodily injury or death limit of not less than \$100,000.00 for injuries to, or death of, any one person, not less than \$300,000.00 for injuries to, or death of, more than one person resulting from any one accident, and for property damage with a limit of not less than \$50,000.00 for damage to property for each accident; and

(c) Automobile Public Liability and Property Damage Insurance covering these parties in connection with all operations conducted by Operator for the joint account hereunder, with bodily injury or death limit of not less than \$100,000.00 for injuries to, or death of, any one person, not less than \$300,000.00 for injuries to, or death of, more than one person resulting from any one accident, and property damage limit of not less than \$50,000.00 for damage to property for each accident.

Operator shall carry such other insurance of such kind and character and in such amounts as may hereafter be determined by these parties; provided, however, that it is understood that no such other insurance is to be carried prior to such mutual

determination. The premium for all such insurance shall be paid by Operator and charged to the joint account. Operator shall, at any time requested, furnish any requesting Non-Operator with full information concerning the kind, character, and amounts of insurance carried.

XII

Operator and each Non-Operator shall each, subject to the provisions hereof, have the irrevocable right and privilege to take and dispose of in kind its respective proportionate part of all of the oil, gas and other minerals produced and saved by Operator under the terms hereof. Any party electing to take its proportionate part of the oil, gas and other minerals in kind shall provide, at its sole cost and expense, adequate facilities for receiving its proportionate part thereof and shall always bear any extra expense to which Operator may be subjected in delivering same separately. Operator shall never enter into any contract or agreement for the sale of the proportionate part of Non-Operators' oil, gas or other minerals produced and saved by Operator hereunder without the formal joinder of the Non-Operators to such contract or agreement; provided, however, that during any period that the right to take in kind or market the proportionate share of said oil, gas or other minerals is not being exercised by any Non-Operator, then Operator shall, nevertheless, have the right to produce the oil, gas and other minerals from the land covered hereby and to sell such Non-Operators' proportionate part thereof on temporary contracts or other arrangements for period of not longer duration than the minimum demanded by purchaser of like grade or quality or quantity of such products at the point where such sale and delivery is made, but not to exceed thirty (30)

days. The proceeds from the sale of each party's interest in the products produced and sold hereunder shall be paid directly to such party, except and only in the instances when Operator is entitled to receive the same for application on amounts due to Operator hereunder from any Non-Operator.

XIII

Should either party hereto desire to drill, rework or recomplete a well, the party so desiring shall give written notice of such desire and intention to the other party and in such notice shall state the depth to which it desires to drill, the proposed location, and the estimated cost thereof. The party so notified shall within ten days after receipt of such notice advise the notifying party whether or not the party receiving notice is willing to join in the drilling of said well or the recompletion or reworking operations. If within such ten-day period the party receiving such notice agrees that the well should be drilled or such re completing or reworking operations performed and so notifies the original notifying party, then Operator shall drill such well or perform the recompletion or reworking operations for the joint account and at the joint expense of the parties, and such well shall be a jointly owned well. If within such ten-day period the party receiving such initial notice shall fail to indicate a desire to participate or shall notify the party desiring to drill a well or recomplete or rework a well that it does not desire to participate, then the cost and expense of such operations shall be borne by the party or parties desiring such action.

When there are drilling, reworking or re completing operations which are not performed at the cost and expense of the joint account, all production from any such well shall be owned

entirely by the party or parties drilling, recompleting or reworking the same, provided, however, that the party or parties participating in such action shall have received currently out of the net proceeds of the sale of the portion of production from said well to which the non-participating party would have been entitled had it participated in the drilling, recompleting or reworking operations thereof 150% of the amount of that portion of the cost and expenses which would have been borne by such non-participating party had it participated in the drilling, equipping and completing of such well, together with 100% of the operating cost which the non-participating party would have borne had it participated in the drilling, recompleting or reworking operations, whereupon the party or parties drilling such well shall thereupon transfer and assign to the other party or parties an interest in said well, the casing and equipment therein and the production therefrom equal to such non-participating party's interest in the joint leases, and thereafter said well and the production therefrom shall be subject to and operated in accordance with the provisions of this contract.

In the event either party hereto desires to deepen a well no longer producing in paying quantities and the other party does not so desire, then after notice, as above provided for, the party desiring to deepen such well shall do so and shall pay the other party its proportionate part of the salvage value of such well at the point to which it was drilled prior to deepening, and thereafter the said well, the equipment and casing therein and appurtenant thereto, and the production therefrom shall be owned in the manner provided above as to wells which are not drilled at the cost and expense of the joint account.

XIV

Each party shall have and is hereby given a first and prior lien on the interests of the other parties on the joint leases, the production therefrom and the equipment thereon, and all proceeds thereof, as security for the payment of any amount due by such party to the other parties hereto. Each party agrees and obligates itself at any time when it is in arrears in payment to any other party or parties hereto, but only in such event, to execute from time to time as requested by such other party or parties, such instrument or instruments as may be necessary or desirable to give and grant to such other party or parties, Operator or Non-Operators, to whom it may be indebted, preference and priority over third party for the payment of any and all amounts then due and owing under the terms of this agreement.

XV

The parties to this agreement, other than Operator, without limitation of any other rights and privileges elsewhere herein granted, shall have the following specific rights and privileges:

(a) Access to the leased premises at all reasonable times to inspect the work or development and operations thereon.

(b) The right to inspect logs, samples and cuttings from any and all wells drilled hereunder; and, in this connection, Operator agrees to keep accurate logs of all wells drilled by Operator on said leased premises, and, upon request, each Non-Operator shall be furnished with copies of all such logs and any other information pertaining to the drilling of any well on said premises by Operator; and, when oil, gas and other mineral-bearing sand is encountered, Non-Operators shall be given the opportunity to have a representative present to witness any test made thereof. Non-Operators shall also, upon request, be furnished with a reasonable amount of samples and cuttings out of the samples and cuttings that Operator may have in its possession at the time such request is made.

(c) The right to inspect and audit, at all reasonable times, the books of Operator and its records and invoices pertaining to the matter of accounting arising hereunder, provided, however, such right of inspection and auditing is limited to the extent and manner as provided in Exhibit I, Accounting Procedure, attached hereto.

XVI

It is not the intention of this agreement to create the relationship of partnership between the parties hereto, and no act done by either party hereto, pursuant to the provisions hereof, shall operate to create such relationship, nor shall the provisions of this agreement be construed as creating such relationship. The liability of the parties hereto shall be several and not joint or collective, and each party hereto shall be responsible only for its obligations as herein set forth and shall be liable only for its part of the costs, expenses and liabilities incurred in the developing, operating, saving and marketing the oil, gas and other minerals from the leases subject to this agreement.

XVII

All of the terms and provisions of this agreement are hereby expressly made subject to all Federal and State laws and to all valid orders, rules and regulations of any duly constituted authority having jurisdiction in the premises; and they are also subject to Acts of God, inability to obtain material and equipment, inability to obtain, at reasonable rates, an adequate drilling rig or contractor acceptable to Operator, strikes, riots and other matters beyond the control of either of the parties hereto, whether similar or dissimilar, and Operator shall not be liable to Non-Operator hereto for failure to perform, or delay in performance of, any of the terms and provisions hereof, if such failure or delay is the result of any such cause. Operator shall prepare and

furnish to any such duly constituted authority, through its proper agency or department, any and all reports, statements and information that may be requested when such reports are required to be furnished. If either party hereto shall claim relief from the compliance with any obligation of this contract for any of the reasons or causes set forth and contained in this paragraph XVII, then the party claiming such relief shall submit to the other party in writing all data and information supporting such claim. It is further agreed that the suspension of any obligation hereunder on account of any of the reasons or causes above set forth shall not continue beyond the time during which the causes giving rise to the claim of suspension are operative.

XVIII

All notices required to be given hereunder shall be given in writing and shall be deemed to have been given if either sent by United States Mail, postage prepaid, or by prepaid Western Union telegram, properly addressed to the party to whom such notice is to be given, as stated below, or to such other address as they shall respectively hereinafter designate in writing, or if personally delivered to the party to be notified at such address, to-wit:

^{Oil}
C.S.V. Exploration Company
278 West 21st South Street
Salt Lake City, Utah

Burton W. Hancock
1250 Laurie Avenue
San Jose, California

Adiel F. Stewart
c/o Walter Sondrup
Walter Sondrup & Co.
39 Exchange Place
Salt Lake City, Utah

Louise F. Sondrup
c/o Walter Sondrup
Walter Sondrup & Co.
39 Exchange Place
Salt Lake City, Utah

Henry C. Goodman, Edwin A. Peay and Erschel F. Smith
233 South Main Street
Salt Lake City, Utah

XIX

This agreement shall remain in full force and effect as long as the leases subject to this agreement, or any one or more of them, remain in force and effect, and during the term of any extension or renewal thereof, or of any new lease or leases, if the same become subject to the terms hereof, whether by production or otherwise; and thereafter until all materials, equipment, supplies and property covered hereby, owned jointly by the parties hereto, have been salvaged and disposed of and final settlement has been made between the parties hereto, and may be terminated prior thereto only by the consent of all parties hereto; provided, however, if any party hereto desires it may be relieved from all the obligations and liabilities, not previously incurred hereunder, in connection with any one or more of the leases subject hereto, or insofar as any such lease or leases apply to any part of the lands covered thereby, by assigning, conveying and transferring to the other parties hereto, without cost or charge, all of its right, title and interest in, to and under such lease or leases, or portion thereof, as to which it desires to be relieved of such obligations. Thereupon, the rights of such assignor to any benefits thereafter accruing as to such lease or leases, or portion thereof, so assigned, shall cease and terminate; and such lease or leases, or portion thereof, shall no longer be subject to this agreement, but shall thereafter be free and clear of all its terms and provisions; provided, however, such assignment shall not relieve such assignor from any liability incurred hereunder in connection with such lease or leases, or portion thereof, prior to the execution and delivery of such assignment.

XX

Each and all of the parties hereto agree and elect to be excluded from the application of all of the provisions of subchapter K of the Internal Revenue Code of 1954 as authorized by regulations promulgated by the Secretary or his delegate under Section 761 (a) thereof. The parties hereto agree to execute or join in such instruments as are necessary to make such election effective and Non-Operators hereby authorize and direct Operator to take such action with the proper administrative office or agency as may be necessary or convenient to effectuate such purpose.

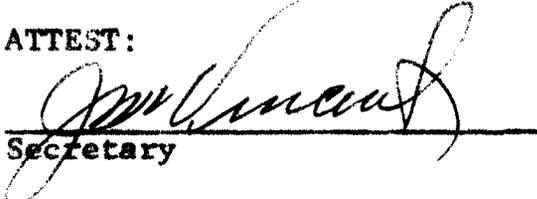
XXI

All of the terms, conditions and provisions of this Agreement shall extend to and be binding upon and inure to the benefit of the respective parties hereto, their heirs, successors and assigns and this Agreement shall constitute a covenant running with the leases and the land subject hereto.

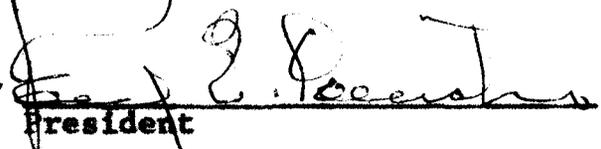
This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties hereto, and shall be binding upon all parties who have executed such a counterpart with the same force and effect as if all parties had executed the same single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ATTEST:


Secretary

^{Oil}
C. S. V. EXPLORATION COMPANY

By 
President


Burton W. Hancock

Louise P. Sondrup

Walter Sondrup
Husband of Louise P. Sondrup

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On the ^{2nd} day of August, 1957, personally appeared before me Walter Callister, who, being by me duly sworn, did say that he is the President of C.S.V. EXPLORATION COMPANY, that said instrument was signed in behalf of said corporation by resolution of its board of directors, and said D. M. V... acknowledged to me that said corporation executed the same.

May Lucas
Notary Public
Residing at Magna, Utah

My commission expires: June 1960

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

On the 5 day of August, 1957, personally appeared before me BURTON W. HANCOCK, the signer of the above instrument, who duly acknowledged to me that he executed the same.

Herman Effe
Notary Public
Residing at _____

My commission expires: _____
MY COMMISSION EXPIRES _____ OF SANTA CLAY, STATE _____

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

On the 7th day of August, 1957, personally appeared before me Louise P. Sondrup and Walter Sondrup the signers of the above instrument, who duly acknowledged to me that they executed the same.

Ruth T. Cowan
Notary Public
Residing at Salt Lake City, Utah

My commission expires: 2/22/59

STATE OF)
) ss.
COUNTY OF)

On the _____ day of _____, 1957, personally appeared before me _____ who, being by me duly sworn, did say that he executed the above instrument.

Notary Public
Residing at _____

My commission expires:

STATE OF)
) ss.
COUNTY OF)

On the _____ day of _____, 1957, personally appeared before me _____ the signer of the above instrument, who duly acknowledged to me that he executed the same.

Notary Public
Residing at _____

My commission expires:

STATE OF)
) ss.
COUNTY OF)

On the _____ day of _____, 1957, personally appeared before me _____ the signer of the above instrument, who duly acknowledged to me that he executed the same.

Notary Public
Residing at _____

My commission expires:

STATE OF)
) ss.
COUNTY OF)

On the _____ day of _____, 1957, personally appeared before me _____ the signer of the above instrument, who duly acknowledged to me that he executed the same.

Notary Public
Residing at _____

My commission expires:

Attached to and made a part of Operating Agreement dated the 31st day of July, 1957, by and between Burton W. Hancock, et al, as Non-Operators, and C.S.V. Exploration Company, as Operator

ACCOUNTING PROCEDURE

(UNIT AND JOINT LEASE OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint property" as herein used shall be construed to mean the subject area covered by the agreement to which this "Accounting Procedure" is attached.

"Operator" as herein used shall be construed to mean the party designated to conduct the development and operation of the subject area for the joint account of the parties hereto.

"Non-Operator" as herein used shall be construed to mean any one or more of the non-operating parties.

2. Statements and Billings

Operator shall bill Non-Operator on or before the last day of each month for its proportionate share of costs and expenditures during the preceding month. Such bills will be accompanied by statements, reflecting the total costs and charges as set forth under Subparagraph.....below:

A. Statement in detail of all charges and credits to the joint account.

B. Statement of all charges and credits to the joint account, summarized by appropriate classifications indicative of the nature thereof.

C. Statements as follows:

(1) Detailed statement of material ordinarily considered controllable by operators of oil and gas properties;

(2) Statement of ordinary charges and credits to the joint account summarized by appropriate classifications indicative of the nature thereof; and

(3) Detailed statement of any other charges and credits.

3. Payments by Non-Operator

Each party shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of six per cent (6%) per annum until paid.

4. Adjustments

Payment of any such bills shall not prejudice the right of Non-Operator to protest or question the correctness thereof. Subject to the exception noted in Paragraph 5 of this section I, all statements rendered to Non-Operator by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period Non-Operator takes written exception thereto and makes claim on Operator for adjustment. Failure on the part of Non-Operator to make claim on Operator for adjustment within such period shall establish the correctness thereof and preclude the filing of exceptions thereto or making of claims for adjustment thereon. The provisions of this paragraph shall not prevent adjustments resulting from physical inventory of property as provided for in Section VI, Inventories, hereof.

5. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year, provided, however, that Non-Operator must take written exception to and make claim upon the Operator for all discrepancies disclosed by said audit within said twenty-four (24) month period. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DEVELOPMENT AND OPERATING CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the joint account with the following items:

1. Rentals and Royalties

Delay or other rentals, when such rentals are paid by Operator for the joint account; royalties, when not paid directly to royalty owners by the purchaser of the oil, gas, casinghead gas, or other products.

2. Labor

A. Salaries and wages of Operator's employees directly engaged on the joint property in the development, maintenance, and operation thereof, including salaries or wages paid to geologists and other employees who are temporarily assigned to and directly employed on a drilling well.

B. Operator's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. Costs under this Subparagraph 2 B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Costs of expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages as provided under Subparagraphs 2 A, 2 B, and Paragraph 11 of this Section II.

3. Employee Benefits

Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost, provided that the total of such charges shall not exceed ten per cent (10%) of Operator's labor costs as provided in Subparagraphs A and B of Paragraph 2 of this Section II and in Paragraph 11 of this Section II.

4. Material

Material, equipment, and supplies purchased or furnished by Operator for use of the joint property. So far as it is reasonably practical and consistent with efficient and economical operation, only such material shall be purchased for or transferred to the joint property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees, equipment, material, and supplies necessary for the development, maintenance, and operation of the joint property subject to the following limitations:

A. If material is moved to the joint property from vendor's or from the Operator's warehouse or other properties, no charge shall be made to the joint account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where such material is available, except by special agreement with Non-Operator.

B. If surplus material is moved to Operator's warehouse or other storage point, no charge shall be made to the joint account for a distance greater than the distance from the nearest reliable supply store or railway receiving point, except by special agreement with Non-Operator. No charge shall be made to the joint account for moving material to other properties belonging to Operator, except by special agreement with Non-Operator.

6. Service

A. Outside Services:

The cost of contract services and utilities procured from outside sources.

B. Use of Operator's Equipment and Facilities:

Use of and service by Operator's exclusively owned equipment and facilities as provided in Paragraph 5 of Section III entitled "Operator's Exclusively Owned Facilities."

7. Damages and Losses to Joint Property and Equipment

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause not controllable by Operator through the exercise of reasonable diligence. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after report of the same has been received by Operator.

8. Litigation Expense

All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the joint interests, including attorneys' fees and expenses as hereinafter provided, together with all judgments obtained against the parties or any of them on account of the joint operations under this agreement, and actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the joint account or the subject matter of this agreement.

A. If a majority of the interests hereunder shall so agree, actions or claims affecting the joint interests hereunder may be handled by the legal staff of one or more of the parties hereto; and a charge commensurate with cost of providing and furnishing such services rendered may be made against the joint account; but no such charge shall be made until approved by the legal departments of or attorneys for the respective parties hereto.

B. Fees and expenses of outside attorneys shall not be charged to the joint account unless authorized by the majority of the interests hereunder.

9. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the properties which are the subject of this agreement, the production therefrom or the operation thereof, and which taxes have been paid by the Operator for the benefit of the parties hereto.

10. Insurance and Claims

A. Premiums paid for insurance required to be carried for the benefit of the joint account, together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments, and other expenses, including legal services, not recovered from insurance carrier.

B. If no insurance is required to be carried, all actual expenditures incurred and paid by Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses, including legal services, shall be charged to the joint account.

11. District and Camp Expense (Field Supervision and Camp Expense)

A pro rata portion of the salaries and expenses of Operator's production superintendent and other employees serving the joint property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's office located at or near Salt Lake City, Utah (or a comparable office if location changed), and necessary suboffices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in the conduct of the operations on the joint property and other properties operated in the same locality. The expense of, less any revenue from, these facilities should be inclusive of depreciation or a fair monthly rental in lieu of depreciation on the investment. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice **provided, however, that such charges shall not exceed \$40.00 per well per month for each producing well or \$250.00 per well per month for each well being drilled, plugged back, drilled deeper or reworked.**

12. Administrative Overhead

Operator shall have the right to assess against the joint property covered hereby the following management and administrative overhead charges, which shall be in lieu of all expenses of all offices of the Operator not covered by Section II, Paragraph 11, above, including salaries and expenses of personnel assigned to such offices, except that salaries of geologists and other employees of Operator who are temporarily assigned to and directly serving on the joint property will be charged as provided in Section II, Paragraph 2, above. Salaries and expenses of other technical employees assigned to such offices will be considered as covered by overhead charges in this paragraph unless charges for such salaries and expenses are agreed upon between Operator and Non-Operator as a direct charge to the joint property.

WELL BASIS (Rate Per Well Per Month)

Well Depth	DRILLING WELL RATE	PRODUCING WELL RATE (Use Completion Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten
All	\$250.00	\$40.00	\$40.00	\$40.00

A. Overhead charges for drilling wells shall begin on the date each well is spudded and terminate when it is on production or is plugged, as the case may be, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.

B. In connection with overhead charges, the status of wells shall be as follows:

- (1) Injection wells for recovery operations, such as for repressure or water flood, shall be included in the overhead schedule the same as producing oil wells.
- (2) Water supply wells utilized for water flooding operations shall be included in the overhead schedule the same as producing oil wells.
- (3) Producing gas wells shall be included in the overhead schedule the same as producing oil wells.

- (4) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the overhead schedule at the time the shutdown is effected. When such wells are plugged, overhead shall be charged at the producing well rate during the time required for the plugging operation.
- (5) Wells being plugged back, drilled deeper, or converted to a source or input well shall be included in the overhead schedule the same as drilling wells.
- (6) Temporarily shut-down wells (other than by governmental regulatory body) which are not produced or worked upon for a period of a full calendar month shall not be included in the overhead schedule; however, wells shut in by governmental regulatory body shall be included in the overhead schedule only in the event the allowable production is transferred to other wells on the same property. In the event of a unit allowable, all wells capable of producing will be counted in determining the overhead charge.
- (7) Wells completed in dual or multiple horizons shall be considered as two wells in the producing overhead schedule.
- (8) Lease salt water disposal wells shall not be included in the overhead schedule unless such wells are used in a secondary recovery program on the joint property.
- C. The above overhead schedule for producing wells shall be applied to the total number of wells operated under the Operating Agreement to which this accounting procedure is attached, irrespective of individual leases.
- D. It is specifically understood that the above overhead rates apply only to drilling and producing operations and are not intended to cover the construction or operation of additional facilities such as, but not limited to, gasoline plants, compressor plants, repressuring projects, salt water disposal facilities, and similar installations. If at any time any or all of these become necessary to the operation, a separate agreement will be reached relative to an overhead charge and allocation of district expense.
- E. The above specific overhead rates may be amended from time to time by agreement between Operator and Non-Operator if, in practice, they are found to be insufficient or excessive.

13. Operator's Fully Owned Warehouse Operating and Maintenance Expense

(Describe fully the agreed procedure to be followed by the Operator.)

None

14. Other Expenditures

Any expenditure, other than expenditures which are covered and dealt with by the foregoing provisions of this Section II, incurred by the Operator for the necessary and proper development, maintenance, and operation of the joint property.

III. BASIS OF CHARGES TO JOINT ACCOUNT

1. Purchases

Material and equipment purchased and service procured shall be charged at price paid by Operator after deduction of all discounts actually received.

2. Material Furnished by Operator

Material required for operations shall be purchased for direct charge to joint account whenever practicable, except that Operator may furnish such material from Operator's stocks under the following conditions:

A. New Material (Condition "A")

- (1) New material transferred from Operator's warehouse or other properties shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where such material is available, at current replacement cost of the same kind of material. This will include material such as tanks, pumping units, sucker rods, engines, and other major equipment. Tubular goods, two-inch (2") and over, shall be priced on car-load basis effective at date of transfer and f.o.b. railway receiving point nearest the joint account operation, regardless of quantity transferred.
- (2) Other material shall be priced on basis of a reputable supply company's preferential price list effective at date of transfer and f.o.b. the store or railway receiving point nearest the joint account operation where such material is available.
- (3) Cash discount shall not be allowed.

B. Used Material (Condition "B" and "C")

- (1) Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classed as Condition "B" and priced at seventy-five per cent (75%) of new price.
- (2) Material which cannot be classified as Condition "B" but which,
 - (a) After reconditioning will be further serviceable for original function as good secondhand material (Condition "B"), or
 - (b) Is serviceable for original function but substantially not suitable for reconditioning,
 shall be classed as Condition "C" and priced at fifty per cent (50%) of new price.
- (3) Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.
- (4) Tanks, buildings, and other equipment involving erection costs shall be charged at applicable percentage of knocked-down new price.

3. Premium Prices

Whenever materials and equipment are not readily obtainable at the customary supply point and at prices specified in Paragraphs 1 and 2 of this Section III because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the joint account for the required materials on the basis of the Operator's direct cost and expense incurred in procuring such materials, in making it suitable for use, and in moving it to the location, provided, however, that notice in writing is furnished to Non-Operator of the proposed charge prior to billing the Non-Operator for the material and/or equipment acquired pursuant to this provision, whereupon Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from the Operator, to furnish in kind, or in tonnage as the parties may agree, at the location, nearest railway receiving point, or Operator's storage point within a comparable distance, all or part of his share of material and/or equipment suitable for use and acceptable to the Operator. Transportation costs on any such material furnished by Non-Operator, at any point other than at the location, shall be borne by such Non-Operator. If, pursuant to the provisions of this paragraph, any Non-Operator furnishes material and/or equipment in kind, the Operator shall make appropriate credits therefor to the account of said Non-Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the material furnished beyond or back of the dealer's or manufacturer's guaranty; and in case of defective material, credit shall not be passed until adjustment has been received by Operator from the manufacturers or their agents.

5. Operator's Exclusively Owned Facilities

The following rates shall apply to service rendered to the joint account by facilities owned exclusively by Operator:

- A. Water, fuel, power, compressor and other auxiliary services at rates commensurate with cost of providing and furnishing such service to the joint account but not exceeding rates currently prevailing in the field where the joint property is located.

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION
 State Capitol Building
 Salt Lake City 14, Utah

REPORT OF OPERATIONS AND WELL STATUS REPORT

State Utah County Grand Field or Lease U-04055, Bar X

The following is a correct report of operations and production (including drilling and producing wells) for September, 19 57

Agent's address 278 W. 21st So. Company C. S. V. OIL EXPLORATION CO.
Salt Lake City, Utah Signed _____

Phone IN 7-5477 Agent's title _____

State Lease No. _____ Federal Lease No. U-04055 Indian Lease No. _____ Fee & Pat.

Sec. & 1/4 of 1/4	Twp.	Range	Well No.	*Status	Oil Bbls.	Water Bbls.	Gas MCF's	REMARKS (If drilling, Depth; if shut down, Cause; Date & Results of Water Shut-Off Test; Contents of Gas; and Gas-Oil Ratio Test)
NE 1/4 NW 1/4 SE 1/4, Sec. 10 T. 17 So., R. 25 E., SLM.								
<p>The 8 3/4" hole was drilled to a total depth of 3,906 feet. Three drill stem tests were taken in the Dakota formation with gas to the surface on one of the tests. Electric logs and micro logs were run to 3850 feet. These logs showed a potential zone in the Salt Wash; accordingly, 5 1/2", 15.50 # casing was set to T. D. Guide Shoe and float collar were placed on the bottom of the casing. Top of the float is 3877'. The casing was cemented with 310 sacks of cement. Fifty scratchers and fifteen centralizers were installed on the casing.</p> <p>The Salt Wash zones were perforated, acidized and swabbed without satisfactory returns. A bridge plug was therefore set at 3,490'. The Dakota zones were then perforated, sand frac, swabbed and the well began production. Initial tests gauged 2,500,000 cu. ft. of gas per day with lots of frac oil. A Halliburton type H M packer on 2 1/2" tubing was set at 3265'. The tubing was connected to the well head, and the well is shut in.</p>								

NOTE: Report on this form as provided for in Rule C-22. (See back of form.)

*STATUS: F-Flowing P-Pumping GL-Gas Lift
 SI-Shut In D-Dead
 GI-Gas Injection TA-Temp. Aban.
 WI-Water Injection

FILE IN DUPLICATE

W/

State of Utah
OIL & GAS CONSERVATION COMMISSION
Room 140, State Capitol Building
Salt Lake City 14, Utah

October 15, 1957

C. S. V. Oil & Exploration Company
c/o Paul Callister
278 West 21st South St.
Salt Lake City, Utah

Re: REQUEST FOR "REPORT OF
OPERATIONS & WELL STATUS REPORT"

Dear Sir:

Your attention is directed to Rule C-22, General Rules and Regulations and Rules of Practice and Procedure, which was adopted by the Commission on July 9, 1957.

Said rule provides for the submitting of a report of operations and well status report to the Oil and Gas Conservation Commission.

Your compliance with said rule is hereby requested.

We are enclosing some copies of Form OGCC-4, "Report of Operations and Well Status Report", for completion and return. For your convenience, Rule C-22, has been printed on the back of said form.

Federal Form 9-329, Lessee's Monthly Report of Operations may be used in lieu of Form OGCC-4.

Please note that if two legible copies, carbon or otherwise, of the report filed monthly with the United States Geological Survey on Form 9-329, are also filed each month with this Commission, it will be deemed compliance with Rule C-22, Paragraphs 1, 2, 3, and 4.

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

Cleon B. Feight
CLEON B. FEIGHT
SECRETARY

CBF:cn

C. S. V. OIL EXPLORATION CO.

278 West 21st South

:::

Salt Lake City, Utah

Phone 7-5477

October 21, 1957

*Notes
C.A.H.
10-24-57*

State of Utah
Oil & Gas Conservation Commission
Room 140, State Capitol Building
Salt Lake City 14, Utah

Gentlemen:

Enclosed are the "Report of Operations and Well Status Report's" for the months of August and September for the C. S. V.--Hancock Gov't # 2 Well drilled in Section 10, T. 17 So., R. 25 E., S1M, Utah.

We regret having to send them in late but we will make sure that the forthcoming ones will be on time.

Sincerely,
C. S. V. OIL EXPLORATION COMPANY


Paul S. Callister

PSC/c
Encl. 2

W/

February 18, 1958

C. S. V. Oil & Exploration Company
278 West Twenty-first South
Salt Lake City, Utah

Re: Well No. OSV-Hancock-Gov't 2,
Sec. 10, T. 17 S, R. 25 E,
SIEM, Grand County, Utah

Gentlemen:

This letter is to advise you that the well log for the above mentioned well has not as yet been filed with this office as required by our rules and regulations.

Please complete the enclosed Forms OGCC-3, Log of Oil or Gas Well, in duplicate, and forward them to this office as soon as possible.

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

CLEON B. FREIGHT
SECRETARY

CBF:en

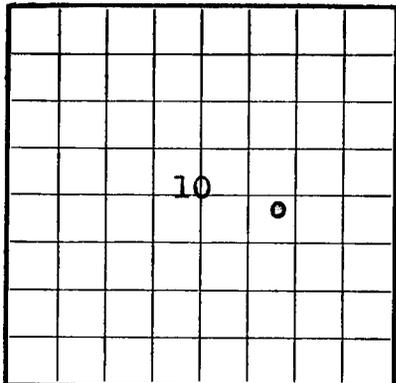
Encl.

10

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION

State Capitol Building
Salt Lake City 14, Utah

71-H
7/26



LOCATE WELL CORRECTLY

To be kept Confidential until _____
(Not to exceed 4 months after filing date)

LOG OF OIL OR GAS WELL

Operating Company C. S. V. OIL EXPL. CO. Address 278 West 21st South, SLC
Lease or Tract: _____ Field Bar-X State Utah
Well No. # 2 Sec. 10 T. 17 S R. 25 E Meridian SALT LAKE County Grand
Location 2420 ft. N. of S. Line and 1570 ft. E. of W. Line of Sec. 10 Elevation 5361'
(Derrick floor relative to sea level)

The information given herewith is a complete and correct record of the well and all work done thereon so far as can be determined from all available records.

Signed Paul S. Causter

Date February 21, 1958 Title _____

The summary on this page is for the condition of the well at above date.

Commenced drilling August 10, 1957 Finished drilling September 27, 1957

OIL OR GAS SANDS OR ZONES

(Denote gas by G)

G No. 1, from 3296' to 3338 Dakota No. 4, from _____ to _____
No. 2, from 3390' to 3430' Dakota No. 5, from _____ to _____
No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

No. 1, from NONE to _____ No. 3, from _____ to _____
No. 2, from _____ to _____ No. 4, from _____ to _____

CASING RECORD

Size casing	Weight per foot	Threads per inch	Make	Amount	Kind of shoe	Cut and pulled from	Perforated		Purpose
							From-	To-	
10-3/4	32#			172'	Guide		Surf	172'	Surface
5 1/2"	to T.D.			3906'	Guide Shoe and Float Collar		3296	3299	Prod.
							3303	3316	Casing
							3323	3333	
							3390	3414	
							3422	3426	

MUDDING AND CEMENTING RECORD

Size casing	Where set	Number sacks of cement	Method used	Mud gravity	Amount of mud used
10-3/4	Surface	110 sks.	pumped in	with returns	
5 1/2"	to T.D.	310 Sks.	pumped in	and displaced	Fills space
				11.4 lb.	between formation & casing above cement

MARK

BRIDGE

PLUGS AND ADAPTERS

~~Hexagon Plug~~—Material Cast Iron Length 2 feet Depth set 3490'
 Adapters—Material _____ Size _____

SHOOTING RECORD

Size	Shell used	Explosive used	Quantity	Date	Depth shot	Depth cleaned out
$\frac{1}{2}$ "	Bullets					

TOOLS USED

Rotary tools were used from surface feet to 3906' feet, and from _____ feet to _____ feet
 Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet

DATES

August 10, _____, 1957 Put to producing _____, 19_____

The production for the first 24 hours was _____ barrels of fluid of which _____% was oil; _____% emulsion; _____% water; and _____% sediment. Gravity, °Bé. _____

If gas well, cu. ft. per 24 hours 2,500,000 Gallons gasoline per 1,000 cu. ft. of gas _____

Rock pressure, lbs. per sq. in. 930 lbs.

EMPLOYEES

Sam Ellis _____, Driller Ken Keeble _____, Driller
Floyd McPeters _____, Driller _____, Driller

FORMATION RECORD

FROM—	TO—	TOTAL FEET	FORMATION
Surface	3270'	3270'	Mancos
3270'	3420'	150'	Dakota
3420'	T.D. 3906'	486'	Morrison

[OVER]

210

Form approved.
Budget Bureau No. 42-R356.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LAND OFFICE Utah 04055
LEASE NUMBER Utah 04955
UNIT Comm. Agreement
14-08-001-4727

LESSEE'S MONTHLY REPORT OF OPERATIONS

State Utah County Grand Field Bar-X

The following is a correct report of operations and production (including drilling and producing wells) for the month of May, 19 63,

Agent's address 278 West 21st South Company C.S.V. Oil Exploration Co.

Salt Lake City 15, Utah Signed [Signature]

Phone IN 7-5477 Agent's title _____

SEC. AND 1/4 OF 1/4	TWP.	RANGE	WELL NO.	DAYS PRODUCED	BARRELS OF OIL	GRAVITY	CU. FT. OF GAS (In thousands)	GALLONS OF GASOLINE RECOVERED	BARRELS OF WATER (If none, so state)	REMARKS (If drilling, depth; if shut down, cause; date and result of test for gasoline content of gas)
NW 1/4 Sec. 10	17S	25E	2	0			None			Testing

NOTE.—There were No runs or sales of oil; No M cu. ft. of gas sold; No runs or sales of gasoline during the month. (Write "no" where applicable.)

NOTE.—Report on this form is required for each calendar month, regardless of the status of operations, and must be filed in duplicate with the supervisor by the 6th of the succeeding month, unless otherwise directed by the supervisor.

A.

THE FOLLOWING METERS WILL HAVE CALIBRATION / SETTLEMENT TESTS RUN ON THE DATES INDICATED. STARTING TIME WILL BE 0800 OR AS SPECIFIED BELOW AND AT THE OFFICE OF THE NORTHWEST PIPELINE GRAND JUNCTION DISTRICT YOU WILL BE NOTIFIED SHOULD ANY CHANGES OCCUR IN THIS SCHEDULE. IF YOU HAVE ANY QUESTIONS ABOUT THE SCHEDULE, CONTACT OR WRITE THE DISTRICT OFFICE.

METER CODE	WELL NAME	LOC	RUN	DAY	MO/YR	STARTING TIME
92008010	CSV HANCOCK #2 175.25E. 10	06	12	<u>2</u>	12/85	<u>0800</u>